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## **Appendix 9-2-3: Sample RCS Submission**

**ABC Village Associates**  
Smithville, State 55555-2255

April 18, 2000

HUD Field Office

Smithville, State 55555-2255

**Reg: RCS Submittal Cover Letter for ABC Village Associates**

1. *Mr. Owner* has reviewed the content of the RCS and concluded that the RCS includes all material required by Chapter Nine and the Owner's Checklist in Appendix 9-2-2.
2. The appraisers' (*Joseph Jones* and *Sharon Allen*) narratives and Rent Grid accurately describe the subject project and properly treat non-shelter services and their funding sources as required by Section 9-12 and Appendix 9-1-2.
3. There is no family relationship or identity-of-interest between the principals of the subject's Ownership or management agent entity and the principals that manage/ own the projects used as comparables.
4. *Mr. Owner* certifies that: a) neither the selection of the appraiser nor the appraiser's compensation was/is contingent upon the appraiser reporting a predetermined rent nor direction in rent; and b) to the best of the Owner's knowledge, the appraiser meets Section 9-8A's conditions regarding absence of financial, employment, and family relationships.
5. *Mr. Owner* certifies that the fee paid for the RCS is the only compensation the appraiser will receive for the RCS work and there is no side agreement or other consideration.
6. The following person is our point of contact for HUD/CA's decision letter, or to address any questions that the HUD/CA staff may have on the RCS.

**Owner's Point of Contact:** Mr. Owner

**Phone:** (000) 555-2222

**Email:** Owner@abcvillage.com

7. HUD/CA may talk with the appraiser directly and copy the appraiser on written materials. The appraiser's contact information is provided below.

**Appraiser's Point of Contact:** Joseph Jones

**Phone:** (000) 555-1111

**Email:** [joe@appraiserserv.com](mailto:joe@appraiserserv.com)

I certify that the above is all true.

*Mr. Owner, 04/18/2000*

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## Owner's Checklist for RCS Submission

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### 42 Owner's Materials

- ☒ Signed Cover Letter
- ☒ Signed Owner's Checklist

### 43 RCS Materials

- ☒ Appraiser's Transmittal Letter
- ☒ Scope of Work
- ☒ Description of Subject Property (including color photographs)
- ☒ Identification of the Subject's Market Area
- ☒ Description of Neighborhood
- ☒ Narrative Describing Selection of Comparables
- ☒ Locator Map for Subject and Comparables
- ☒ Rent Comparability Grid for Each Primary Unit type
- ☒ Narrative Explaining Adjustments and Market Rent Conclusions (one set of explanations for each Rent Grid)
- ☒ Comparable Property Profiles (each including a color photo)
- ☒ Appraiser's Certification
- ☐ Copy of Appraiser's License (only if relying upon a temporary license)

### 44 Mandatory market Rent Threshold Materials

- ☒ Distribution of RCS Rents and Subject Property's median rent
- ☒ Screen Shot of Median Gross Rent Estimate for the Project's Zip Code, as per U.S. Bureau of the Census
- ☒ Comparison of Project's median rent to the Median Gross Rent

### 45 Owner's Signature & Date

46 *Mr. Owner* April 18, 2000

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# Rent Comparability Study

*On*

***ABC Village Apartments***

100 Main Street

Smithville, State

*Date of Report*

***April 15, 2000***

*Prepared For*

***ABC Village Associates***

P.O. Box 2255

Smithville, State 55555-2255

*Prepared By*

***Appraisal Services International***

123 Allen Street, Suite 456

Smithville, State 55555

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***Appraisal Services International***

123 Allen Street, Suite 456  
Smithville, State 55555

**(000) 555-1111 (phone)**  
**(000) 555-2222 (facsimile)**  
**joe@appraiserserv.com**

April 15, 2000

Mr. Owner  
ABC Village Associates  
P.O. Box 2255  
Smithville, State 55555-2255

Re: ***Rent Comparability Study / ABC Village Apartments***  
Section 8 Contract Number: PA0000999992  
FHA No. 1233566

Dear Mr. Owner:

Attached is the Rent Comparability Study (RCS) you requested for ABC Village Apartments.

The purpose of the study was to estimate the market rents for units that will be assisted under the renewed Section 8 contract. Market rent is the rent that a knowledgeable tenant would most probably pay for the Section 8 units as of the date of this report, if the tenants were not receiving rental subsidies and rents were not restricted by HUD or other government agencies. The following table lists the market rent I concluded for each Section 8 unit type.

			<i>Estimated Market</i>		
<b>Unit Type</b>	<b># Units</b>	<b>Size (Sq. Ft)</b>	<b>Rent</b>	<b>\$/ Sq. Ft</b>	<b>Prepared Grid? (Y/N)</b>
<b>Efficiency</b>	7	450	\$485	\$1.08	Y
<b>Efficiency</b>	3	500	\$505	\$1.01	N
<b>Total</b>	<b>10</b>				

The RCS was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements in Chapter Nine of HUD's Section 8 Renewal Guide. Market Rents were defined and estimated in accordance with Sections 9-8 through 9-13 and Appendix 9-1-2 of the Chapter Nine guidance. I understand that HUD/the Section 8 Contract Administrator (CA) and the project owner will use my estimate of market rents to determine: 1) the owner's options for renewing the project's Section 8 contracts; and 2) the maximum rents allowed under any renewal contract.

Additionally, as required by Section 9-14 of the Chapter Nine guidance, I compared the Project's median rent with HUD's threshold, and concluded that the Project's median rent is below the threshold, as shown in the table below.

***Mandatory Market Rent Threshold Test***

<b># of Bedrooms (for Section 8 units)</b>	<b># of Units</b>	<b>Cumulative # of Units</b>	<b>RCS Rents</b>
0	7	7	\$485
0	3	<b>10</b>	\$505
Project's RCS based median rent (avg of the rents for 5th & 6th Units)			<b>\$485</b>
Median Gross Rent Estimate for Project's Zip Code (55555-2255)			\$388
HUD's Threshold: 140% of Median Gross Rent Estimate			<b>\$543</b>
<b>Test:</b> Compare Project's median rent to HUD's Theshold			\$485 < \$543

Should you have any questions or require more information, please contact me directly at the phone number or e-mail address listed above.

Sincerely,

[Joseph Jones](#)

Joe Jones

ST Certified General Appraiser #CG2222

## ***Table of Contents***

Appraiser's Transmittal Letter

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4	Description of Neighborhood
4	How Comparable Properties were Selected
6	Locator Map For Subject and Comparables
7	Rent Comparability Grid for Primary Unit Type
8	Explanation of Adjustments & Market Rent Conclusions
16	Comparable Property Profiles
18	Appraiser's Certification

### **Exhibits**

Color Photographs of Subject

Additional Photos of Comparables

### ***Scope of Work***

This Rent Comparability Study was completed in accordance with the requirements set forth in Chapter Nine of HUD's Section 8 Renewal Guide.

Joe Jones, a State certified general appraiser employed by Appraisal Services International (ASI), oversaw and supervised all data collection and analysis. Sharon Allen, an associate at ASI, performed some of the research under Joe Jones's supervision. The following actions were taken to complete this RCS.

- On March 13, 2000, Joe Jones and Sharon Allen inspected the interior and exterior of the subject property to determine the property's physical and functional characteristics. Jones & Allen inspected two small efficiency units, one large efficiency unit, interior common areas (lobby and community room), and exterior grounds. Ms. Sue Hancock, the on-site property manager, accompanied Jones & Allen on all inspections. Ms. Allen measured the interior of the units and interviewed Ms. Hancock to determine the rental rates, services, and amenities offered to tenants of the subject property.
- Ms. Allen researched comparable apartment rental activity in the subject township and competing locations. The research included pulling data from internet sites, local newspapers and rental publications, town records, owners and managers of local apartment properties, local real estate brokers, fellow appraisers, and files of Appraiser Services International.
- During the weeks of March 13 and 20, Jones & Allen inspected the exterior of each comparable property. For three of the comparables (*Holland Apartments*, *BCD Village Apartments* and *Glen Park*), Jones & Allen also inspected interior common areas and a model unit. At the other two comps (*Park Village* and *Lebanon Apts*) access was denied or no models were available, but Jones & Allen did view on-site photos of these units' interiors.
- During the site inspections or in separate phone interviews, Ms. Allen talked with the managers of the comparable properties to confirm all data and to collect additional information about each comparable, including size, age, and amenities, occupancy rates and general market information. The property manager provided floor plans or other information describing the size of comparable units after Sharon Allen explained that the interior size was needed.
- Ms. Allen completed the data & adjustment columns of the Rent Comparability Grid using the instructions in Appendix 9-1 of Chapter Nine. Mr. Jones reviewed all entries, modified some, and derived an estimated market rent for each unit type.



### ***Description of Subject Property***

ABC Village Apartments is a 5-story, brick elevator building located at 100 Main Street, Smithville, State. The site is located on a level, rectangular corner lot with 100 feet of frontage on Main Street and 200 feet of frontage on High Street in the Central Business District of Smithville, in the county of Gloucester. The corner lot provides excellent visibility and access.

The table below describes the unit mix for ***all*** 50 units at the property. This RCS applies only to the 10 efficiency units, as these are the only units in the complex that receive Section 8 subsidy. The market rent for the one-bedroom units is \$595. The property is occupied by elderly residents. Elderly are drawn to the complex because of its central location and the services it provides.

<b>Unit Type</b>	<b># Units</b>	<b>Interior Size (SF)</b>	<b># Project- Based Sec 8 units</b>	<b># Other Rent Restricted Units</b>	<b># Units Not Rent Restricted</b>
0/1	<b>7</b>	450	<b>7</b>	0	0
0 / 1	<b>3</b>	500	<b>3</b>	0	0
1/ 1.5	<b>40</b>	600	<b>0</b>	0	40
	<b>50</b>		<b>10</b>	<b>0</b>	<b>40</b>

The building was originally constructed in 1950 as a manufacturing facility and was converted to its present use in 1980. Renovations at conversion were extensive and the building has been well maintained since the renovation. Occupancy for the subsidized units has consistently been near 100 %. Occupancy for the market-rate units has been just slightly lower, at 93% to 95% for the last three years.

Each efficiency unit contains a galley-style kitchen, a bathroom, and a living/bedroom area. The two groups of efficiency units are identical except for a difference in size: seven units contain 450 square feet and three contain 500 square feet. All units have window blinds and are carpeted, with linoleum flooring in the kitchens and bathrooms. Each unit contains a stove, refrigerator, garbage disposal, and small patio or balcony. There is a storage closet on each patio and balcony. The units have central air conditioning. Gas heat and hot water are included in the rent. Tenants pay for electricity, including air conditioning.

Each unit has an emergency call system that, if activated, will alert the manager's office and a 24-hour call service. If the manager does not respond to the emergency, the service will. Three days per week, a van makes scheduled trips to the grocery store, the shopping mall and the senior center. Tenants requiring transportation to doctor appointments may request a ride on the

remaining two weekdays. ABC Village also offers well-organized social activities and gives tenants the use of a lounge, a television area, and a large, sunny meeting room with tables and chairs for game activities.

The building is accessed by key only, and tenants may call a 24-hour maintenance line in case of accidental lockout or maintenance emergency. An on-site manager is at the property six days a week during the hours of 9:00 am to 6:00 p.m. The complex has a coin operated laundry facility with five washers and dryers and a small, paved parking lot for 20 cars. Parking is offered at an additional charge of \$20 per month. There are no other amenities that require a charge in addition to rent. The Table below summarizes the features at the subject units.

Feature	Yes/No	Cost to Tenant (if applicable)	Type (if applicable)
Balcony/Patio	Yes		Balcony in all units
Air Conditioning	Yes		Central in all units
Range/Refrigerator	Yes		
Microwave/Dishwasher	No		
Garbage Disposal	Yes		
Laundry	Yes	Coin Operated	5 washer-dryers pairs
Floor covering	Yes		Carpets (linoleum in kitchen and bathroom)
Window Covering	Yes		Blinds
Cable/Satellite/Internet	Yes	\$20/mo. Cable; \$35/mo. Internet	
Parking	Yes	\$20/mo.	Paved lot for 20 cars
Storage	Yes		Storage closet on each balcony
Security	Yes		Building accessed by key card
Meeting Room / Lounge	Yes		Wide screen TV; Party kitchen
Pool/Recreation Area	No		
Business Center	No		
Service Coordination	No		
Non-shelter services	Yes		Emergency call system in all units; scheduled transportation to grocery, senior center, medical center, shopping

Ms. Sue Hancock, the property manager, confirmed the above data. She is employed by Smithville Managers Inc. and her telephone number is (000)-555-3333.

### ***Definition of the Subject's Market Area***

Smithville is located in the northeast section of Gloucester County at the junction of Interstates 80 and 180. Smithville is the county seat of Gloucester County and a commercial and residential center for the surrounding towns. The market area for Smithville includes the Gloucester County towns within a fifteen-mile radius (*Bainbridge, Lexington, Upton, Newbury, and Barre*) and two Orange County towns within a ten-mile radius (*Exeter and Cypress Lakes*). This is the area from which the subject would normally draw its applicants.

### ***Description of Neighborhood***

The subject neighborhood is located in the central business district of Smithville, which is in the northeastern section of the city and near the historic Highlands area. The neighborhood contains a mix of professional and town offices, upscale boutiques, churches, older single-family homes that have been gentrified, and some older apartment buildings that were renovated between ten and twenty years ago. Property values in the area are generally growing and most properties are well kept. Access to Interstates 80 and 180 is less than five minutes from the subject property.

A senior center is within seven blocks of the complex. A small grocery store and a drug store are on the same block as the subject complex and a larger grocery store is three miles away (accessed by the van service.) Center City High School is just six blocks from the subject; the Highlands Elementary and Middle School complex is approximately one and one-half miles away. A shopping mall and medical center are also within ten miles and van service is provided to them.

The subject has good access to job in Downton Smithville, where city and county civil service jobs predominate. The rate of job growth has been much higher in the suburban office parks. There is no apparent crime in the area, nor are there any other significant negative influences. The subject neighborhood is considered an excellent location for senior housing, although it is noted that the rent estimate completed for the purpose of this RCS is based on preferences of the typical renter, rather than any specific age or income group.

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### ***How Comparable Properties Were Selected***

The appraiser researched rental housing in the market area and identified ten market-rate apartment properties that appeared similar in age, condition and location. Six of them did not contain efficiency units. The appraiser's experience is that, for the purposes of estimating market rent for a studio unit, adjusting a larger apartment plan that offers bedrooms results in a less accurate market rent estimate than would be obtained from using other studio units as comparables, exclusively. In the subject market, in particular, the differential in prevailing rent between studio plans and one-bedroom plans is substantial, which impairs the result obtained from attempting to adjust for a bedroom. Accordingly, only studio units were considered to be

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suitable comparables for the purpose of this RCS. One-bedroom and larger unit types were excluded, including the one-bedroom units in the subject facility.

The four that do provide efficiencies are Lebanon Apartments, BCD Village, Holland Apartments, and Park View Apartments. **Lebanon Apartments** and **BCD Village** are elderly projects, located within one mile of the subject and offering amenities similar to those at the subject. **Holland Apartments** is 75-unit family complex in Smithville (six miles away). It offers mostly one and two bedroom units and has only three efficiencies. **Park View** is located in Lexington about 13 miles from the subject. It was renovated in 1999 through the use of low income housing tax credits. It is a mixed income property, offering 30 efficiency units at market rents and 30 one-bedroom tax credit units to elderly residents earning less than 60% of median income. The property is in the rent up phase.

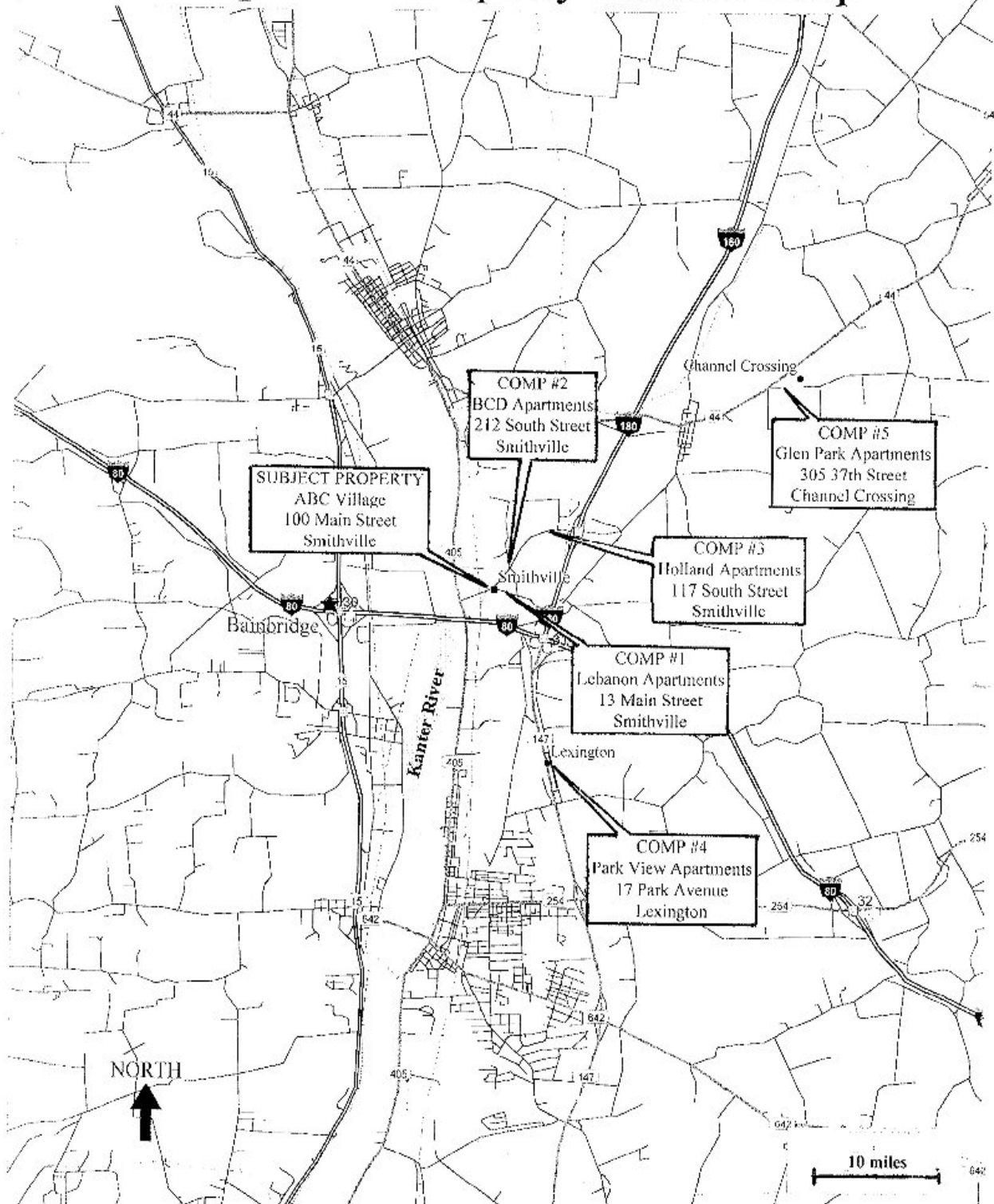
The appraiser conducted additional research to identify other comparable efficiencies that were outside the market area, contained rent restrictions or were less similar to the subject. Brokers, property managers and owners were consulted as well as staff at the senior center. Additional efficiencies were found at **Glen Park** -- a 50-unit, market-rate, elderly property located in Channel Crossing, a town 30 miles away and outside the market area. **Glen Park** is very similar to the subject property. It was built and renovated in the same time period, serves a similar population, and offers similar amenities. Ten of its units are efficiencies. The remaining units consist of 25 one-bedroom units and 15 two-bedroom units.

Generally, the appraiser believes that the comparables are of good quality. While one of the comparables (**Glen Park**) is outside of the market area and, thus, does not meet all of the target criteria in the HUD notice, all comparables are otherwise similar to the subject and the appraiser is confident that the adjustments made adequately valued the differences.

Based on information provided to the appraiser, none of the selected comparables are owned or managed by the entities having an identity - of - interest with the owner or management of the subject property.

Good Quality  
mean. Set  
the comps

# Comparable Property Locator Map



## Rent Comparability Grid

Unit Type

efficiency

Subject's FHA #:

12335666

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
ABC Village Apartments	Data	Lebanon Apts		BCD Village Apts		Holland Apts		Park View Apts		Glen Park	
100 Main Street	on	13 Main Street		212 South Street		117 South Street		17 Park Ave		305 37th Street	
Smithville, ST	Subject	Smithville, State		Smithville, State		Smithville, State		Lexington, State		Channel Crossing, State	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1 \$ Last Rent / Restricted?		\$505	N	\$500	N	\$415	N	\$525	N	\$525	N
2 Date Last Leased (mo/yr)		Dec-99		Feb-00		Feb-00		Mar-00		Jan-00	
3 Rent Concessions								1 month free (\$44)			
4 Occupancy for Unit Type		93%		93%		66%		82%		95%	
5 Effective Rent & Rent/ sq ft		\$505	1.01	\$500	0.91	\$415	0.83	\$481	0.88	\$525	1.17
In Parts B thru E, adjust only for differences the subject's market values.											
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6 Structure / Stories	E/5	E/4		E/3		W U/3	\$15	G/2	\$15	E/7	
7 Yr Built/Yr Renovated	1950/80	1970/90 (\$15)		1950/80		1955/85		1978/99 (\$30)		1958/75	
8 Condition /Street Appeal	G	G		G		F	\$20	G		G	
9 Neighborhood	G	G		G		G		E	(\$15)	G	
10 Same Market? Miles to Subj		Y/L-2		Y/L		Y/6		Y/13		N/30	(\$35)
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11 # Bedrooms	0	0		0		0		0		0	
12 # Baths	1	1		1		1		1		1	
13 Unit Interior Sq. Ft.	450	500 (\$20)		550 (\$40)		500 (\$20)		550 (\$40)		450	
14 Balcony/ Patio	Y	Y		N	\$10	N	\$10	Y		N	\$10
15 AC: Central/ Wall	C	C		C		N	\$10	C		W	
16 Range/ Refrigerator	RF	RF		RF		RF		RF		RF	
17 Microwave/ Dishwasher	N	D (\$5)		D (\$5)		D (\$5)		D (\$5)		N	
18 Washer/ Dryer	L	HU \$5		N \$10		L		WD (\$15)		L	
19 Floor Coverings	C	C		V \$5		C		C		V \$5	
20 Window Coverings	B	B		B		B		B		D	
21 Cable/ Satellite/Internet	C	C		C		C		C, S, I (\$5)		S	
22 Special Features	N	N		N		N		N		N	
23											
D Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24 Parking ( \$ Fee)	L/\$20	G/\$55 (\$5)		N \$5		L/\$0 (\$20)		G/\$65 (\$5)		L/\$0 (\$20)	
25 Extra Storage	Y	Y		Y		Y		Y		N \$15	
26 Security	Y	Y		Y		Y		N \$10		N \$10	
27 Clubhouse/ Meeting Rms	MR	MR		MR		MR		Y \$5		MR \$5	
28 Pool/ Recreation Areas	N	N		N		P (\$15)		R (\$10)		N	
29 Business Ctr / Nhhd Netwk	N	N		N		N		N		N	
30 Service Coordination	N	N		N		N		Y		N	
31 Non-shelter Services	EC/T	EC \$10		EC/T		N \$20		N \$20		EC/T	
32											
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33 Heat (in rent?/ type)	Y/gas	N/gas \$25		Y/gas		Y/elec		N/gas \$25		Y/gas	
34 Cooling (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec	
35 Cooking (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		Y/elec (\$5)	
36 Hot Water (in rent?/ type)	Y/gas	N/gas \$10		Y/gas		Y/elec		N/gas \$10		Y/gas	
37 Other Electric	N	N		N		N		N		Y (\$20)	
38 Cold Water/ Sewer	Y	Y		Y		Y		Y		Y	
39 Trash/ Recycling	Y	Y		Y		Y		Y		Y	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40 # Adjustments B to D		2	4	4	2	5	4	4	8	5	2
41 Sum Adjustments B to D		\$15 (\$45)		\$30 (\$45)		\$75 (\$60)		\$50 (\$125)		\$45 (\$55)	
42 Sum Utility Adjustments		\$35						\$35			(\$25)
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43 Net/ Gross Adjmts B to E		\$5 \$95 (\$15)		\$75 (\$15)		\$15 \$135 (\$40)		\$210 (\$35)		\$125 (\$25)	
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44 Adjusted Rent (5+ 43)		\$510		\$485		\$430		\$441		\$490	
45 Adj Rent/Last rent			101%		97%		104%		92%		93%
46 Estimated Market Rent	\$485	\$1.08									

Joe Jones

Appraiser's Signature

Date

Attached are  
explanations of:

- a. why & how each adjustment was made  
 b. how market rent was derived from adjusted rents  
 c. how this analysis was used for a similar unit type

Grid was prepared: ☐ Manually ☐ Using HUD's Excel form

HUD 92273 - 88

## *Explanation of Adjustments and Market Rent Conclusions*

### **ABC Apartments**

#### **Primary Unit Type- Efficiency - Small**

A Rent Comparability Grid was prepared for the primary unit type with 450 sq. ft. The market rent for the 450-sq. ft. unit was adjusted to create a market rent for the secondary, 500-sq. ft. unit. The only difference in these unit types is their size.

**Line 1. Last Rented / Restricted?** All of the units are currently rented at the rates shown on the grid. Rents range from \$415 to \$525. No unit used in the analysis has any rent restrictions. However, *Park View* is a mixed-income property with half of the units set-aside for tax credit residents. The unit used in this analysis is market rate.

**Line 2. Date Last Leased.** The Grid shows the effective date of the leases most recently signed. Effective dates range from December 1999 to March 2000. No adjustments were necessary.

**Line 3. Rent Concessions.** *Park View* is currently offering one month of free rent with a 12-month lease. The 12<sup>th</sup> month is free after on-time payments are made for 11 consecutive months. The adjustment was derived by dividing the Line 1 rent by 12 months to arrive at a \$44 adjustment. The complex has undergone a substantial renovation and is currently in lease up. The new owner does not anticipate any vacancy problems, but wanted to offer concessions to quickly fill the units.

**Line 4. Occupancy for Unit Type.** According to data collected, the market area has historically maintained an occupancy level between 90 percent and 95 percent for efficiency units over the past several years. The comparables' current occupancy rates range from 66% to 95%. *Park View's* low 82% occupancy is due to its recent substantial renovation. Since the appraiser does not believe the rent level contributed to the *Park View* vacancies, no adjustment has been made. *Holland* has an overall occupancy rate of 94%, but a 66% occupancy rate in the efficiency apartments. There are only three efficiencies and one unit is vacant. The tenant vacated two months ago. The unit is being renovated and is not available for occupancy. Therefore, no adjustment was made.

**Line 6. Structures / Stories.** The subject, *Lebanon*, *BCD Village*, and *Glen Park* are elevator-buildings. *Holland* is a three-story walk up and *Park View* is a garden apartment complex. *Holland* and *Park View* were each adjusted upward \$15 for type of structure.

Area brokers reported that: 1) rents on units in buildings with elevators are consistently higher than rents for similar units in buildings without an elevator, regardless of which floor the unit is on; and 2) rents on similar units in buildings without elevators are

typically not affected by which floor the unit is on. These brokers noted that tenants found elevator buildings more attractive for several reasons – increased availability of common areas; possibility of views; sense of increased security; and convenient access to upper-level units. Typically, elevator buildings can command an additional \$10 to \$20 rent. Based on this information, a \$15 adjustment was made to the two comparables without elevators.

**Line 7. Yr. Built/Yr. Renovated** - The subject and three of the comparables (*Holland, Glen Park, and BCD Village*) are 1950's vintage, with renovations completed between 1975 and 1985. *Park View* was built in 1978 and was substantially renovated last year, with new exterior siding and windows and interior finishes including carpeting, flooring, and appliances. *Lebanon* was constructed 20 years after the subject, with renovations completed ten years ago. *Park View* was adjusted upward by \$30, and *Lebanon* was adjusted upward by \$15.

The three older comparables, like the subject, were constructed in the 1950's and show renovation dates within five years of renovation date of the subject; those three properties are similar in condition and utility and have a similar effective age to the subject. No adjustments were made to these properties. While a specific value attributable to age of a property is not readily quantifiable, the consensus of area leasing agents has been that each five-year increment of age reduces monthly rent potential by \$5 to \$10. Attributing the indicated \$1.50 to each year's difference in effective age exceeding a minimum threshold, a \$30 adjustment was made to *Park View* to reflect the almost-new condition of this comparable as compared to the subject's 20-year-old renovations. A \$15 adjustment was made to *Lebanon* to reflect the renovation date there ten years later than for the subject.

Poor wording  
consensus of  
area...

**Line 8. Condition / Street Appeal.** The subject and four of the comparables are in good condition and have good street appeal. *Holland's* exterior shows signs of deferred maintenance, including neglected landscaping. That comparable was adjusted upward \$20 for Condition/Street Appeal.

The subject and comparables were rated on a 5-point scale (Poor, Fair, Average, Good, Excellent). The subject and all the comparables except for *Holland*, were rated Good, with *Holland* rated Fair. The appraiser's experience in the subject market is that upkeep and appeal can add much as \$40 to rental rate, comparing the least appealing property to the most appealing, indicating an increment of \$10 for each incremental level of appeal. As the subject is rated two levels higher than *Holland*, that comparable was adjusted upward by \$20.

Describe d  
fair, avera

**Line 9. Neighborhood.** The subject, *Lebanon, and BCD Village* are located in the CBD of Smithville, a congested area with surrounding land used for light industry and businesses. *Glen Park* is located in a similar neighborhood in Channel Crossing. *Park View* is located about 13 miles from the subject, outside the city limits and surrounded by



residential properties. That comparable was adjusted upward by \$15 for Neighborhood/Location.

The subject and comparable were rated on a 5-point scale (Poor, Fair, Average, Good, Excellent). The subject and all the comparables except for **Park View** were rated Good, with **Park View** rated Excellent. The appraiser's experience in the greater Smithville area is that location can add much as \$60 to rental rate, comparing the least desirable commercial location to the most desirable purely residential location, indicating an increment of \$15 for each incremental level of appeal. While the subject's location in a higher-density area near commercial uses is likely an advantage to the senior tenants there, the estimation of market rent must consider the decision calculus of the typical renter, rather than any particular age or income group. As the subject is rated one level lower than **Park View**, that comparable was adjusted downward by \$15.

**Line 10. Same Market? Miles to Subject.** *Glen Park* is the only comparable that is outside the market. It is located in Channel Crossing about 30 miles north of Smithville on State Route 44. That comparable was adjusted downward by \$35 to adjust for Market.

Channel Crossing is a suburb of the state capital (Gotham) and has higher property values than Smithville. To arrive at an adjustment, the Appraiser interviewed local brokers and apartment owners that have direct experience with both markets. The market data provided by brokers and managers indicated that rents in Channel Crossing are \$30 to \$50 higher than in the subject market area. The appraiser found that generally a \$40 to \$50 difference existed in larger units (two bedroom) and a \$30 to \$40 difference existed in smaller units (efficiencies and one bedrooms). Hence, a \$35 adjustment was made to Glen Park to reflect the difference for efficiencies between the two markets (this adjustment is also consistent with the \$34 difference in fair market rents for the two communities).

**Line 13. Unit Square Footage.** Four of the five comparables are larger than the subject. The appraiser adjusted the larger comparables by \$.40 per square foot to account for size differences in increments of 50 square feet.

To value the size differences between the subject and these comparables, the appraiser reviewed the indicated rents after adjustments for all characteristics except size. The appraiser concluded that there is a value of \$20 for each 50 square feet above the subject's 450 square feet, or \$0.40 per square foot. Additional market evidence for an appropriate adjustment was provided by the current rental rates at Holland, which offers two different two-bedroom, one and a half bath plans—a 755 sq. ft. two-bedroom plan and a 855 sq. two-bedroom plan. The difference in rent between the two plans is \$35, indicating an incremental rental value per sq. ft. of \$.35, based on the 100 sq. ft. size differential. That figure is consistent with the appraiser's adjustment for a studio at \$.40 per sq. ft., as the value of additional square footage in a studio plan would at least equal or exceed the value of additional square footage in a two-bedroom plan. In summary, a

\$20 negative adjustment was made to **Holland** and **Lebanon** (both 50 square feet larger than the subject units), and a \$40 negative adjustment was made to **Park View** and **BCD Village** (both 100 square feet larger than the subject units).

**Line 14. Balcony / Patio.** A \$10 adjustment was made to comparable properties that lacked balconies.

**Line 15. AC: Central/Wall.** The subject has central air conditioning, as do three of the comparables. **Holland** does not provide air conditioning, but tenants may install their own window units. According to local property managers, tenants consider it worth \$10 per month not to have the nuisance of installing a window unit. **Glen Park** has wall units provided, but no adjustment has been made because there is no evidence of a marketable difference in rent between central air and wall units in efficiencies in this market.

**Line 17. Microwave/Dishwasher.** **Park View**, **Lebanon**, **Holland**, and **BCD Village** all have dishwashers and the subject does not. In efficiency units in this market, tenants place a minimal value on these amenities. Therefore, a nominal negative adjustment of \$5 was made to the comparables for this amenity.

**Line 18. Washer/Dryer.** The subject has a coin-operated laundry facility. Three of the comparables have different configurations for laundry services, warranting adjustments ranging from \$5 to \$15.

**Park View** provides stacked, washer-dryer units in each apartment. Based on the experience in this market, renters appear willing to pay a \$15 premium for in-unit washer/dryer combinations, compared to the more common central laundry room configuration. A downward \$15 adjustment was thus made to **Park View**. **Lebanon** has hook-ups available in each unit and does *not* have a common laundry. In this market, renters generally prefer common laundries to hook-ups. **BCD Village** has no laundry facilities at all. The Appraiser made a \$5 upward adjustment to **Lebanon** and a \$10 upward adjustment to **BCD Village**, respectively to reflect the inferior laundry facilities there.

**Line 19. Floor Covering.** All but two of the comparables have carpeting like the subject. Those comparables that have only vinyl floors were allocated a positive \$5 adjustment to reflect the inferior floor covering.

**Line 20. Window Coverings.** **Glen Park** has drapes and the subject has blinds. Since the market does not recognize a rent differential between blinds and drapes, no adjustment was made.

**Line 21. Cable / Satellite / Internet.** All of the comparables and the subject have either cable or satellite service available. All the properties require that the tenants pay for their own cable/satellite service. Since **Park View** also has internet service in all the units, a nominal \$5 negative adjustment was made; although internet service typically costs more

than that amount, there is no market evidence that renters will pay an increment in rent anywhere close to the actual cost of that service.

**Line 24. Parking.** The parking adjustment has three components: availability, cost and type.

Parking availability. The subject offers some on-site parking, with a 0.40 ratio of spaces to apartment units (or 20 spaces for 50 units), but not all tenant households can be accommodated. All the comparables offer on-site parking except **BCD Village**, where residents who need parking typically pay \$20 per month to park in a lot several blocks away. That comparable was adjusted upward by \$5 for the lack of any on-site parking. The minimal adjustment amount reflects the relatively low space-to-unit parking ratio at the subject.

Cost of parking/Type of parking facility. **Holland** and **Glen Park** were each adjusted downwards by \$20 to reflect free parking, compared to the \$20 charge at the subject. **Lebanon** and **Park View** charge \$55 and \$65, respectively, for parking. The upward adjustment for the higher parking cost is balanced out, in part, by a necessary downward adjustment to reflect that both these properties offer garage parking instead of surface lot parking. Specifically, **Lebanon** would be adjusted upward by \$35 to reflect the higher parking cost compared to the subject (\$55 compared to \$20), but the downward adjustment for garage parking, versus surface lot, at \$40 results in a net downward adjustment of \$5 (\$40 is the current quoted incremental rate for monthly garage rentals in Downtown Smithville, compared to surface lot rates). **Park View** would be adjusted upward by \$45 to reflect the higher parking cost compared to the subject (\$65 compared to \$20), but the downward adjustment for garage parking, versus surface lot, at \$50 results in a net downward adjustment of \$5 (\$50 is the current quoted incremental rate for monthly garage rentals in Lexington, compared to surface lot rates).

**Line 25. Extra Storage.** The subject and four comparables offer extra storage space. The one comparable that does not offer extra storage space was adjusted upward by \$15.

The subject and four of the comparables have extra storage space available outside the living unit. Since the efficiency apartments are small, this extra storage space is desirable. Typically, these spaces are about half the size of the smallest storage units available in self-storage facilities in the market area for \$30 per month, suggesting that the storage spaces provided with those apartments are worth at least \$15. Accordingly, a positive \$15 adjustment is made for the lack of storage at **Glen Park**.

**Line 26. Security.** The subject, **Holland** and **Lebanon** have electronic entry systems. **Park View** has limited security with dead bolts on the doors. **Glen Park** does not have a secured entrance. Based on conversations with local brokers and property managers and an analysis of the market data, the appraiser concluded that a \$10 adjustment is warranted to reflect the appeal to the market of the subject's entry system. Crime is not a problem in the area.

**Line 27. Clubhouse / Meeting Rooms.** Since *Glen Park* and *Park View* have no community meeting rooms, a nominal \$5 adjustment was made.

**Line 28. Pool / Recreation Areas.** The subject has no recreation facilities of any type. The comparables were adjusted by \$10 for a fitness room/on-site gym and \$15 for a swimming pool.

*Park View* has a fitness room with weights and aerobic equipment. *Holland*, the family project, has an outdoor swimming pool. *Park View* was adjusted negatively by \$10 to reflect the fitness room and *Holland* was adjusted by \$15 to reflect the swimming pool amenity. The adjustments were based on the appraiser's experience in the subject market. The greater value placed on a pool compared to a gym facility are typical of markets in warmer climates such as the subject, where the pool is open for use during most of the year. The \$15 adjustment for a pool is based on the appraiser's interview with the manager of Blue Oak Apartments in Smithville. A second phase of that complex (offering essentially the same unit mix) was completed approximately two years after the first phase. The units in the second phase had access to a pool, which amenity was not provided in the first phase. The units in the second phase currently rent for \$30 more, on average, than available units in the first phase. The property manager there said that he considered half of the difference in the \$30 rent differential to be accounted for by the newer condition and slightly larger size of the units in the second phase, and half the difference in the rental rate to be accounted for by the availability of the pool.

**Line 31. Non-Shelter Services.** The subject property offers several amenities geared to its elderly tenancy: emergency call system, community sitting and meeting room, and limited transportation. The appraiser adjusted comparables that lack an emergency call system by \$10 and the comparable that did not provide any transportation by \$10.

Two comparables (*Holland* and *Park View*) have no elderly services. *Glen Park*, *BCD Village* and *Lebanon* have pull cords in each unit, and *Glen Park* and *BCD Village* also offer limited transportation for residents. The property manager at *Glen Park* reported that, based on his experience leasing units at another complex that does not offer elderly services, elderly tenants requiring these elderly services will typically pay up to \$50 additional rent for the emergency services and the availability of transportation. Based on this information and the fact that only a portion of the market would value these services, the appraiser estimated that the market overall would place a \$10 value on the pull cords and a \$10 value for the availability of transportation. Positive adjustments were made accordingly to *Lebanon*, *Holland*, and *Park View*.

**Line 33. Heat.** Heat is included in the rent at the subject and three of the comparables. At *Lebanon* and *Park View*, residents pay their own heat, for which the appraiser made a positive adjustment of \$25.

Gas is the heat source at both of these complexes. The Smithville Housing Authority's published utility allowances estimate gas heat for efficiencies in this market to be \$25.

While published utility allowances tend to provide an upper limit to what renters will pay for any particular owner-paid utility item, the appraiser specifically confirmed, with local leasing agents and the property manager at Lebanon, that \$25 per month was a reasonable estimate of the amount tenants would expect to pay for gas heat in this market. Based on this information, a positive \$25 adjustment was made to *Lebanon* and *Park View*.

**Line 35. Cooking.** At the subject property and four of the comparables, electricity used for cooking is not included in the rent. Tenants must pay for this separately. However, at *Glen Park*, all utilities are included in the rent. The Appraiser made a negative \$5 adjustment at *Glen Park* because, in his judgment, a knowledgeable tenant would expect to pay slightly less if electricity for cooking was not included in the rent. This adjustment is consistent with utility allowances published by the housing authorities in both Smithville and Channel Crossing.

**Line 36. Hot Water.** The cost of heating hot water is included in the rent at the subject and three of the comparables. At *Lebanon* and *Park View*, tenants pay for hot water. Gas is the heat source at both of these complexes. The Smithville Housing Authority's published utility allowances estimate gas hot water for efficiency in this market to be \$10. The Appraiser confirmed, with local brokers and the property manager at Lebanon, that \$10 per month was a reasonable estimate of the amount tenants would expect to pay for gas hot water in this market. Based on this information, a positive \$10 adjustment was made to *Lebanon* and *Park View*.

**Line 37. Other Electric.** At the subject property, the electric utility charges associated with lights and plugs ("Other Electric") are not included in the rent. Tenants must pay for this separately. This is also the case at four of the comparables. However, at *Glen Park* all utilities, including electricity for lights and plugs, are included in the rent, for which the appraiser made a downward adjustment of \$20.

According to the utility allowances published by the housing authorities in Smithville and Channel Crossing, the cost of electricity for lights and plugs is typically \$20 per month. While published utility allowances tend to provide an upper limit to what renters will pay for any particular owner-paid utility item, the appraiser specifically confirmed with local leasing agents and the property manager at *Lebanon* that \$20 per month was a reasonable estimate of the amount tenants would expect to pay for electric utility charges associated with lights and plugs in this market. The appraiser made a negative \$20 adjustment at *Glen Park* to indicate that tenants would typically be willing to pay \$20 less if they were required to pay directly for "Other Electric".

**Line 46. Conclusion of Market Rent, Primary Unit Type.** The Appraiser concluded the market rent for the 450 square foot efficiency units to be \$485, which is \$1.08 per square foot.

- a. The adjusted rents range from \$430 to \$510. *Lebanon* and *BCD Village* are the best comparables, because they are most similar to ABC Village Apartments. Both complexes are located in the subject's neighborhood within a mile of the subject,

lease to the elderly and offer elderly services, and are elevator buildings with comparable street appeal. Therefore, greatest weight was placed on Lebanon and BCD Village.

- b. **Glen Park** is a good comparable except for the fact that it is outside the subject's market area. Less weight was placed on it for this reason.
- c. Minimal weight was given to **Holland** and **Park View**, which are outside the subject's neighborhood and are not elevator buildings. Further, Holland is a family complex and Park View required the most adjustments (*primarily because it just recently completed renovation, is still in lease up, lacks elderly amenities, and is located in a more desirable location*).

**Conclusion of Market Rent, Secondary Unit Type.** Since the two unit types would be identical except for the 50 square foot difference in size, a separate grid was not prepared. A rental conclusion for 500 sq. ft. units was obtained by adjusting the primary, 450 sq. ft. unit by the appropriate square foot adjustment (\$20 for 50 square feet, as computed in Comment #13 above). The Appraiser concluded market rent for the larger, 500 sq. ft. efficiency units to be \$505 -- the primary unit's \$485 rent plus the \$20 adjustment. This is \$1.01 per square foot.

**Lebanon Apartments**  
13 Main Street

*Smithville, ST 00012*

*Management Agent: XXX Management*

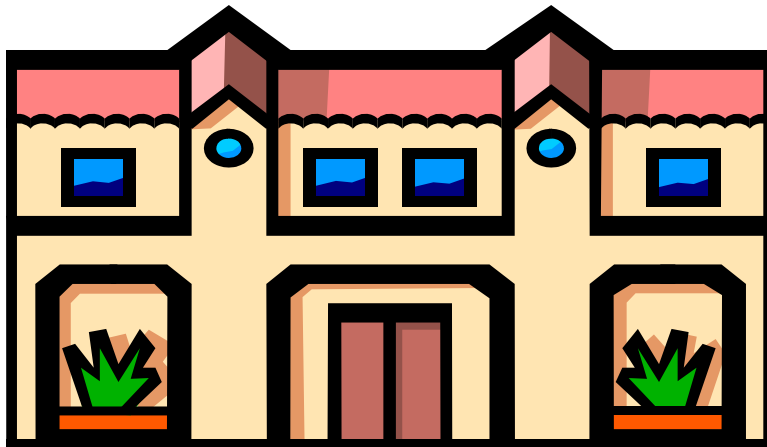
*Contact: Ira Menzer*

*Contact Phone: (000) 555-4444*

*County: Gloucester*

*Cross Street: Broad and Main Street*

*Neighborhood: Highlands*



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	3	Y	\$505	500	N
1 / 1	45	N			
2 / 1.5	2	N			

**Total Units:** 50

**Project Occupancy:** 93%

**Charges in Addition to Rent:** Garage parking available for \$55

**Subsidies and Restrictions at Project:** None

**Other Comments:** Elderly project

**Date Information Verified:** 3 / 22 / 00

**BCD Apartments**  
212 South Street  
Smithville, ST 00012

Management Agent: **ABC Management**

Contact: **Betty Smith**

Contact Phone: **(000) 555-6666**

County: **Gloucester**

Cross Street: **South and Main Street**

Neighborhood: **Highlands**



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	25	Y	\$500	550	N
1 / 1	25	N			

**Total Units:** 50

**Project Occupancy:** 93%

**Charges in Addition to Rent:**

**Subsidies and Restrictions at Project:** None

**Other Comments:**

**Date Information Verified:** 3 / 18 / 00



**Holland Apartments**  
117 South Street

*Smithville, ST 00012*

Management Agent: **XXX Management**

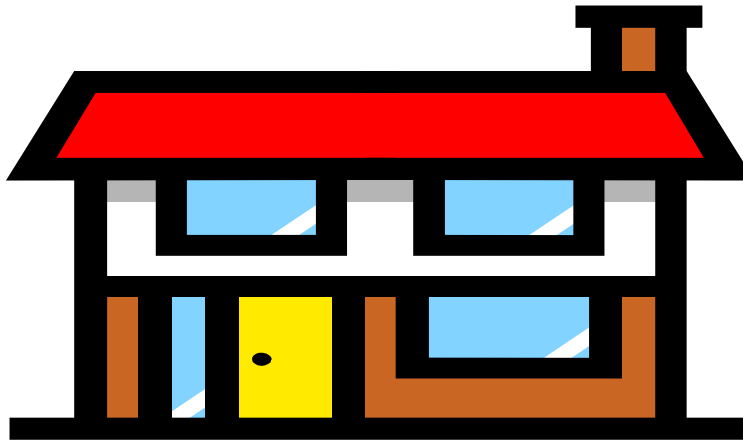
County: **Gloucester**

Contact: **Ira Menzer**

Cross Street: **Broad and Marginal Way**

Contact Phone: **(000) 555-4444**  
**residential**

Neighborhood: **Mixed commercial &**



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	3	Y	\$415	500	N
1 / 1	48	N			
2 / 1.5	24	N			

**Total Units:** 75

**Project Occupancy:** 94%

**Charges in Addition to Rent:**

**Subsidies and Restrictions at Project:** None

**Other Comments:**

**Date Information Verified:** 3 / 22 / 00

**Park View Apartments**  
17 Park Avenue

*Lexington, ST 00456*

*Management Agent: 123 Management*

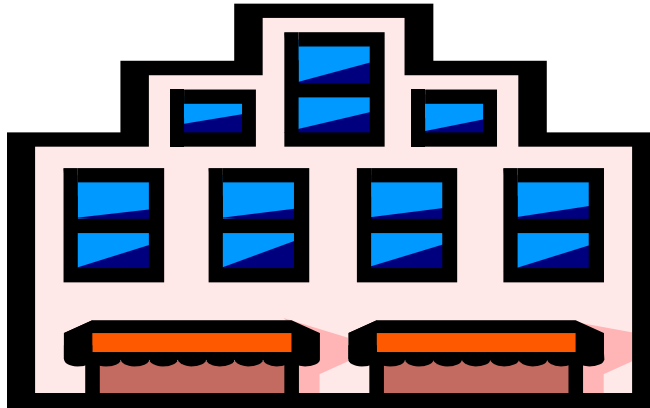
*County: Gloucester*

*Contact: Janet Spence*

*Cross Street: Main Street at Maple Ave*

*Contact Phone: (000) 555-5555*

*Neighborhood: Residential*



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	30	Y	\$525	550	N
1 / 1	30	N			

**Total Units:** 60

**Project Occupancy:** 80%

**Charges in Addition to Rent:** Garage parking available for \$65

**Subsidies and Restrictions at Project:** One-bedroom units are restricted to households earning less than 60% of median income. Rent is based on requirements of low-income housing tax-credit regulations.

**Other Comments:** Elderly project

**Date Information Verified:** 3 / 20 / 00

**Glen Park**  
305 37<sup>th</sup> Street

*Channel Crossing, ST 00123*

*Management Agent: XYZ Management*

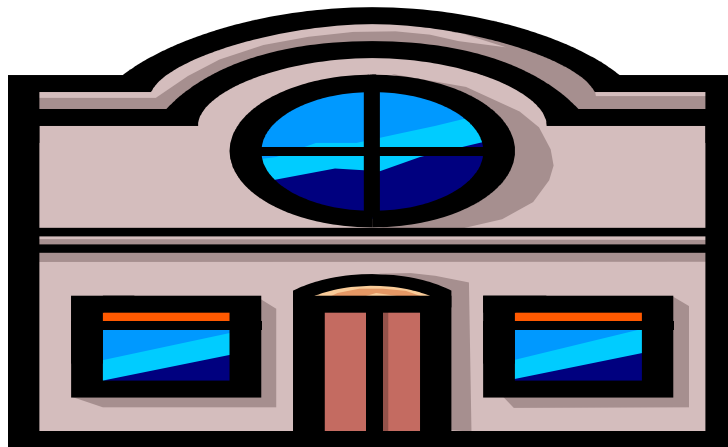
*County: Jefferson*

*Contact: John Adams*

*Cross Street: Pleasant Avenue and 37th*

*Contact Phone: (000) 666-5555*

*Neighborhood: Park East*



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	10	Y	\$525	450	N
1 / 1	25	N			
2/1	15	N			

**Total Units:** 50

**Project Occupancy:** 98%

**Charges in Addition to Rent:**

**Subsidies and Restrictions at Project:** None

**Other Comments:** Elderly project

**Date Information Verified:** 3 / 29 / 00

### **Appraiser Certification**

**Project Name:** ABC Village Apts

**FHA Project No :** 12335666

**By my signature below, I certify that, to the best of my knowledge and belief:**

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective financial interest in the above property, its ownership or management agent entity, or the principals of those entities. I am not an employee of those principals or entities and I have no business or close personal/family interest with those parties that commonly would be perceived to create bias or a conflict of interest.
4. I have no bias with respect to the property that is the subject of this report or to the ownership or management parties involved with this assignment.
5. My engagement in and compensation for this assignment were and are not contingent upon the reporting of a predetermined rent or direction in rent. My fee is my only compensation for this rent study assignment. There are no other side agreements or considerations.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and all applicable HUD procedures for performing Rent Comparability Studies for Section 8 contracts.
7. Joe Jones & Sharon Allen inspected the interior and exterior of the subject property. Sharon Allen inspected the exteriors of the properties used as comparables in this report.
8. No one provided significant professional assistance to the person signing this report except the persons listed here: Sharon Allen, Assistant Appraiser. If anyone is listed here, his/her contribution is identified in the Scope of Work section of this report.
9. I am a certified general appraiser, licensed and in good standing with the state appraiser regulatory agency where the subject property is located and I meet all of the appraiser qualifications required in HUD's rent comparability procedures.
10. I am not debarred or suspended from doing business with the Federal Government. I also am not under a Limited Denial of Participation (LDP) imposed by the HUD Multifamily HUB or Program Center having jurisdiction over the Section 8 project. Any LDPs in effect now or in the past three years were imposed by the following HUD offices. None

**Warning: If you knowingly make a false statement on this form, you may be subject to civil penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000.00 for each violation.**

**Appraiser's Name:** Joe Jones

**Signature:** Joseph Jones

**Date:** 4/15/00

**Permanent License No:** CG2222

**Issuing State:** ST

**Expires:** 4/15/01

**Did you prepare the RCS under a temporary license?** No *If so, attach a copy of the temporary license.*

**Subject Photos**

**Additional Photos of Comps**